IN THE TERRITORY OF GUAM

ARBITRATION PROCEEDING

PACIFICARE HEALTH INSURANCE COMPANY OF MICRONESIA, INC. Dba PACIFICARE ASIA PACIFIC,	)	
Claimant,	)	**ARBITRATION AWARD**
vs.	)	
GOVERNMENT OF GUAM,	)	
Respondent.	)	

This matter was heard by the Arbitration Panel pursuant to the Agreement of the parties entitled: "Pacificare Asia Pacific Arbitration Procedure Government of Guam 2002-2003 Contract."

The hearing was held on September 30, 2003 and concluded on that date and submitted to the Arbitration Panel for its award.

Pursuant to 1.01.21 of the Arbitration Agreement, the Award is hereby rendered.

1. Pacificare made offers for renewal of medical coverage for fiscal year 2004 at rates and benefits that Pacificare deemed appropriate. The Government of Guam did not accept said

offers. Under the provisions of the Health Insurance Portability and Accountability Act, 42 USC300 gg-12(a). Pacificare met its obligations and is under no further obligation to negotiate or to provide any medical health insurance plan to the Government of Guam for fiscal year 2004.

2. Pacificare is also relieved of any obligation to renew its contract with the Government under the "continuing clause" in its Agreement with the Government of Guam, *Government of Guam v. FHP, Inc., et al.*, Civ. Nos. CV0809-89, CV0755-89, CV1200-89 and CV1250-89

Dated: October 1, 2003.

_____
ROBERT A. HEFNER
Arbitrator

_____
G.W.F. GUMATAOTAO
Arbitrator

_____
WILLIAM FITZGERALD
Arbitrator